



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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Third District

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MICHAEL D. ANTONOVICH
Fifth District

October 9, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FORTY-YEAR GROUND LEASE AND JOINT USE AGREEMENT
WITH HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
FOR A PASSIVE PARK AT 14517 ORANGE GROVE AVENUE,
HACIENDA HEIGHTS
(FOURTH DISTRICT) (3 VOTES)**

SUBJECT

This recommendation is to enter into a 40-year Ground Lease and Joint Use Agreement with Hacienda La Puente Unified School District.

IT IS RECOMMENDED THAT THE BOARD:

1. Consider the Mitigated Negative Declaration for the Hacienda Heights Orange Grove Park Project, to be located on an approximately five-acre site owned by the Hacienda La Puente School District at 14517 Orange Grove Avenue within the unincorporated community of Hacienda Heights in Los Angeles County, together with any comments received during the public review process, find that the Mitigated Negative Declaration reflects the independent judgment and analysis of the Board, adopt the mitigation monitoring program, finding that the mitigation monitoring program is adequately designed to ensure compliance with the mitigation measures during project implementation, find on the basis of the whole record before the Board that there is no substantial evidence the project will have a significant effect on the environment, and adopt the Mitigated Negative Declaration.

"To Enrich Lives Through Effective And Caring Service"

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2. Find that the proposed project has no effect on fish and wildlife and authorize the Chief Executive Officer to complete and file a Certificate of Fee Exemption for the project with the County Clerk.
3. Approve a 40-year Ground Lease and Joint Use Agreement with Hacienda La Puente Unified School District and direct the Chief Executive Office to deliver the Lease to the School District.
4. Authorize and instruct the Chairman to execute the Ground Lease and Joint Use Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommendation of the proposed action herein is for the Board to approve entering into a 40-year Ground Lease and Joint Use Agreement (Lease/Agreement) with the Hacienda La Puente Unified School District (School District) and the County of Los Angeles (County) for community recreation at a parcel of land owned by the School District at 14517 Orange Grove Avenue, Hacienda Heights.

The proposed approximately five-acre site is an undeveloped parcel adjacent to and west of Orange Grove Elementary School that has not been used by the School District; and the School District's governing body has determined it will not be needed for any purpose in the foreseeable future. The Lease/Agreement will give the County the authority to develop and operate the aforementioned land owned by the School District for the proposed construction and operation of Orange Grove Park. The County has determined this as an appropriate project to meet the recreational needs of the surrounding neighborhoods of the Hacienda Heights community. Once completed, the passive park will be managed by the Department of Parks and Recreation (Parks) and feature a jogging path with play areas, exercise stations, restrooms, shade structure, and a parking lot for up to 15 parking spaces.

The contract for architectural services for the construction of Orange Grove Park was awarded to Katherine Spitz Associates who has completed a community approved park design.

The recommendation herein would be to execute and approve to enter into a Lease/Agreement with the School District, allowing the County to proceed with the project for development of the property. The County has an option to extend the term of the lease by an additional 39 years.

In addition, the California Environmental Quality Act (CEQA) requires that the Board take action on environmental documents for the proposed project. As lead Agency, CEQA requires that the Board consider the Mitigated Negative Declaration (MND) (Attachment B) and find that appropriate changes or alterations have been required in, or incorporated into the project design, which avoid or substantially lessen any potentially significant environmental effects from the project. With incorporation of the mitigation measures identified in the MND, no significant impact on the environment has been identified.

The greater Hacienda Heights community will benefit from the creation of the proposed park which will provide recreational amenities to the local community.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of process, structure, and operations to support timely delivery of customer-oriented and efficient public service, and the Goal of Integrated Services (Goal 3) requires that we maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services to the County's diverse communities. The proposed Lease/Agreement will enable the construction of the recreation center serving the community and the School District.

FISCAL IMPACT/FINANCING

The County will incur the costs related to the development of the property and the construction of the passive park. Preliminary estimates indicate a total cost of approximately \$4.029 million dollars to construct the park including related site work. In exchange for the County incurring these costs and for allowing joint use of the property, the School District agrees to provide the 40-year Lease/Agreement to the County without payment of any additional rent. The County may extend the term of the Lease/Agreement for one extension of up to an additional 39 years, but the School District may elect to charge an annual rental rate for such extension, which will be negotiable, based upon the fair market value of the property, exclusive of improvements.

The actual construction costs of the improvements will be determined upon development of construction documents and bidding the project. The Community Development Commission (CDC) will present the results of the bidding process for the Board's consideration, prior to the award of the construction contract.

14517 ORANGE GROVE AVENUE, HACIENCA HEIGHTS	GROUND LEASE AGREEMENT
Term (years)	40 years
Option to Extend	Option for one extension for up to 39 years
Annual Rent	Construction of improvements/joint use. Option at a negotiable rate.
Utilities, Repair & Maintenance	Paid by the County
Cancellation Right	Anytime upon 180 days notice, and the transfer of the improvements to the District via a quitclaim deed

Funding for this project will be provided from the Fourth District, Puente Hills Landfill-Community Benefit and Environmental Trust Funds, and Fourth District Capital Project Funds.

Operating Budget Impact

Following completion of the project, Parks will maintain and operate the Passive Park. As such, Parks anticipates ongoing operating costs of approximately \$41,000 for utilities, grounds and landscape maintenance, and trash service. Parks will work with the Chief Executive Office (CEO) to confirm the appropriate level of funding, and request the ongoing funds in the appropriate fiscal year of the Department's New Facilities request that coincides with the year of project completion.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Lease/Agreement will allow the County to approve the project and develop the property subject to the findings of the CEQA environmental investigative review.

The proposed Lease/Agreement contains the following provisions:

- A base term of 40 years, with an option for an additional term up to 39 years.
- All improvements will be owned by the County until the expiration or termination of the Lease/Agreement. Upon termination of the Lease/Agreement, whether at the end of the base term or at the end of any option period, if exercised, all improvements will revert to the School District and the County will execute a quitclaim deed to effectuate this transfer, unless the School District requests that County demolish the improvements.
- The terms, conditions, and rental rate, if any, for the extended period are subject to negotiations between the County and the School District.

- The Lease/Agreement details the terms of the shared use and allocation of operating costs.

The School District governing body, at its meeting on March 31, 2011, approved the Lease/Agreement for development of the park project.

This Lease/Agreement is authorized by Section 10900, et seq. of the California Education Code.

County Counsel has approved the Lease/Agreement as to form.

ENVIRONMENTAL DOCUMENTATION

An initial study was prepared for this project in compliance with CEQA. The initial study identified potentially significant effects of the project, but prior to the release of the proposed mitigated negative declaration and initial study for public review, revisions in the project were made or agreed to which would avoid the effects or mitigate the effects to a point where clearly no significant effects would occur. The initial study and project revisions showed that there is no substantial evidence, in light of the whole record before the County, that the project as revised may have a significant effect on the environment. Based on the initial study and project revisions, a MND was prepared for this project.

The MND was circulated for public review as required by Public Resources Code, and no public comments were received.

Upon Board adoption of the MND, including the mitigation measures required, a filing of a Notice of Determination with the County Clerk will be completed to satisfy CEQA requirements.

The environmental review record for this project is available for public review during regular business hours at the Executive Office of the Board of Supervisors located at 500 West Temple Street, Room 383, Los Angeles, CA.

Upon the Board's adoption of the MND and finding that the project has no effect on fish and wildlife, CEO will file a certificate of fee exemption with the County Clerk, in accordance with Section 711.4 of the California Fish and Game Code.

The Honorable Board of Supervisors
October 9, 2012
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return three adopted, stamped Board letters and three certified copies of the Minute Order and the executed Ground Lease and Joint Use Agreement to the CEO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:NCH:ls

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Community Development Commission
Parks and Recreation

BL 14517OrangeGrove-HaciendaLaPuente-Parks

**DEPARTMENT OF PARKS AND RECREATION
PROPOSED NEW PASSIVE PARK
14517 ORANGE GROVE AVENUE, HACIENDA HEIGHTS**

Asset Management Principles Compliance Form¹

1.	Occupancy		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ²			X
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft. of space per person? ²			X
2.	Capital				
	A	Is it a substantial net County cost (NCC) program? 100%	X		
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy? The project is a joint effort between the County and Hacienda La Puente Unified School District to better serve the community.			
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?		X	
	G	Was build-to-suit or capital project considered?	X		
3.	Portfolio Management				
	A	Did department utilize CEO Space Request Evaluation (SRE)?			X
	B	Was the space need justified?			X
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" parking area.			
		2. ___ No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. ___ The Program is being co-located.			
	E	Is lease a full service lease? ² County pays for construction, repairs, maintenance and utility costs associated with the use of the park.		X	
	F	Has growth projection been considered in space request?			X
	G	Has the Dept. of Public Works completed seismic review/approval?			X
		¹ As approved by the Board of Supervisors 11/17/98			
		² If not, why not?			

MITIGATED NEGATIVE DECLARATION

Web-Viewable Link:

[Mitigated Negative Declaration – Orange Grove 183792.pdf](#)

GROUND LEASE AND JOINT USE AGREEMENT

by and between

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT

and

COUNTY OF LOS ANGELES

for

**14517 ORANGE GROVE AVENUE
HACIENDA HEIGHTS, CALIFORNIA**

dated

(Effective Date)

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GROUND LEASE AND JOINT USE AGREEMENT

(Hacienda La Puente School District/County of Los Angeles)
14517 Orange Grove Avenue in Hacienda Heights, California

THIS GROUND LEASE AND JOINT USE AGREEMENT ("**Ground Lease/Use Agreement**") is effective as of _____, 2012 ("**Effective Date**") by and between the HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT, a school district organized and existing under the laws of the State of California ("**District**"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("**County**").

RECITALS

A. District is the owner of certain real property, consisting of approximately five (5) acres located at 14517 Orange Grove Avenue in Hacienda Heights, California, legally described on **Lease Exhibit A**, attached hereto and made a part hereof by this reference (the "**Property**").

B. The District's Governing Board has determined that the open space located west of Orange Grove Middle School ("**School Site**") is surplus property and will not be needed in the foreseeable future.

C. County seeks property for construction of a passive park to be used jointly by County and District for the provision of recreation and community services and District is willing to lease the Property for such purposes. Pursuant to Education Code Section 17499 ("Naylor Act"), District is leasing the Property to County as part of its compliance with the Naylor Act for park and recreation use.

D. Sections 10900, *et seq.*, of the California Education Code authorize and empower District and County to cooperate with one another for the purpose of organizing, promoting and conducting programs of community recreation which will contribute to the attainment of general educational and recreational objectives for children and adults of this State and to acquire, construct, improve, maintain and operate recreational facilities.

E. Section 10910 of the California Education Code authorizes the District to use its buildings, grounds and equipment or to grant the use of its buildings, grounds or equipment to any other public authority for community recreational purposes.

F. District desires to lease the Property to County and County desires to lease the Property from District for the purpose of developing a passive park on the Property for joint use by the parties in accordance with the terms set forth in this Ground Lease/Use Agreement.

NOW THEREFORE, in consideration of the covenants hereinafter contained, District and County agree as follows:

ARTICLE 1
LEASE

1.1 District hereby leases the Property to County and County hereby leases the Property from District on the terms and conditions set forth herein.

ARTICLE 2
BASIC PROVISIONS

2.1 **Basic Provisions**. For the convenience of the parties, certain basic provisions of this Ground Lease/Use Agreement are set forth herein, which provisions are subject to the remaining terms and conditions of this Ground Lease/Use Agreement and are to be interpreted in light of such remaining terms and conditions.

2.1.1 Address of the Property: 14517 Orange Grove Avenue
Hacienda Heights, California

2.1.2 Rent: Rent for the initial term is waived as consideration for County's improvement of the Property and District's use of portions of the Property.

2.1.3 (a) Term Commencement Date: Effective Date

(b) Term Expiration Date: Forty (40) years after Term
Commencement Date

(c) Option to Extend: County may request an option to extend
(totaling no more than 39 years) pursuant to Section 15.1

2.1.4 Permitted Use: Development and construction of improvements and any lawful use mutually agreed upon by District and County, including community recreation programs and activities, educational programs and other associated uses.

2.1.5 Address for Notices:

District:

Hacienda La Puente Unified School District
15959 East Gale Avenue
Industry, California 91745
Attention: Superintendent

County:

Chief Executive Office
County of Los Angeles
222 South Hill Street
Los Angeles, California 90012

Attn: Director of Real Estate
Email: cmontana@ceo.lacounty.gov

Fourth Supervisorial District
County of Los Angeles
1199 South Fairway Drive, Suite 111
Rowland Heights, California 91789
Attn: Dick Simmons
Email: dsimmons@bos.lacounty.gov

Department of Parks and Recreation
433 South Vermont Avenue
Los Angeles, California 90020
Attn: Russ Guiney, Director
Email: rguiney@parks.lacounty.gov

2.2 Exhibits. The following exhibits are attached hereto and incorporated herein by this reference:

Lease Exhibit A - Legal Description of Property
Lease Exhibit B - Initial Improvement Plan
Lease Exhibit C - (Form) Notice of Non-Responsibility
Lease Exhibit D - Sewer Covenant

ARTICLE 3

TERM

3.1 Commencement. The term of this Ground Lease/Use Agreement shall commence on the Effective Date, which shall be the date upon which the last of the parties has approved the Lease ("**Term Commencement Date**").

3.2 Term. The initial term of this Ground Lease/Use Agreement shall be that forty (40) year period beginning from the Term Commencement Date and ending forty (40) years after the Term Commencement Date ("**Term Expiration Date**"), unless sooner terminated as hereinafter provided. County shall have the option to request an extension of the term for an additional period totaling not more than thirty-nine (39) years, subject to terms in Article 15 below.

ARTICLE 4

RENT

4.1 Waiver. Annual rent payments are waived for the initial term of this Ground Lease/Use Agreement as consideration for County's improvement of the Property and District's shared use of portions of the Property.

ARTICLE 5

USE

5.1 Construction and Joint Use.

5.1.1 County Use. County shall use the Property for construction and operation of a passive park for the provision of recreational and community services and associated uses.

5.1.2 Joint Use. The District shall be entitled to joint use of the Property during the Term consistent with the County's use of the Property as a passive park. The District shall reserve its use of the Property through the County's Department of Parks and Recreation. The District shall provide the Department of Parks and Recreation with reasonable notice of its use requests. The Department of Parks and Recreation may place reasonable conditions and/or restrictions upon the District's use of the Property in order to ensure fair and equitable use of the Property by the community and the District. The parties shall work together in good faith to schedule use of the Property in a fair and equitable manner.

5.2 Compliance with Law. County shall, at County's sole cost and expense, comply with all statutes, ordinances and regulations of all governmental entities. If any license, permit or other governmental authorization is required for the lawful use or occupancy of the Property or any portion of the Property, County shall procure and maintain it, at County's sole cost and expense, throughout the term of this Ground Lease/Use Agreement.

ARTICLE 6

UTILITIES

6.1 Utilities. At all times during the term of this Ground Lease/Use Agreement, County shall pay the expenses of all utility services supplied to the Property or Improvements, including but not limited to all electricity, gas, water and sewer utilities, together with any taxes thereon.

6.2 Sewer Covenant. District agrees to execute, concurrently herewith, the Sewer Covenant attached hereto as **Exhibit D** and incorporated herein by this reference, which is related to the proposed sewer line that will cross from the Property onto adjacent property also owned by the District.

ARTICLE 7

DISCRETIONARY PERMITS

7.1 Applications. During the term of this Ground Lease/Use Agreement, District will, promptly upon County's request, sign (as owner of the Property) and acknowledge any application to any governmental entity having jurisdiction over the Property for any of the discretionary permits necessary for construction of the Improvements, provided that District incurs no cost (other than the administrative and consulting cost necessary for review). No such signing by District will be deemed to be District's acceptance of, or commitment to satisfy, any condition (i) in or precedent to a discretionary permit or (ii) adversely affecting District's interest in the Property.

ARTICLE 8

EASEMENTS

8.1 Utility Easements. District will execute (as owner of the Property), acknowledge and deliver to County for recording, any grant of easement (i) over, upon, across or under the Property or any portion thereof, (ii) in favor of any governmental subdivision or any gas, electric or similar company and (iii) for the purpose of (a) widening any street, (b) transmitting potable water, storm water, sewage, gas, electricity or (c) providing to the Property and the persons using and enjoying the Property such materials and services as are, from time to time customarily understood to be "utilities."

ARTICLE 9

IMPROVEMENTS

9.1 Construction. County shall construct improvements on the Property and the School Site (to the extent described in Section 9.10) ("**Improvements**") in accordance with its improvement plans, any revisions and additional improvement plans (collectively, "**Improvement Plans**") at County's sole cost and expense, including the expense of design, permitting and construction. County shall obtain and provide to District a certificate of substantial completion from the architect upon completion of the Improvements.

9.2 District's Approval. Any revisions and any additional Improvement Plans shall be subject to District's approval, which shall not be unreasonably withheld or delayed. The County's "Improvement Plans" shall consist of the Construction Documents for the Improvements contemplated to be built at that time and an estimated construction schedule for construction of those Improvements. The Improvement Plans shall be incorporated into this Ground Lease/Use Agreement as an addenda.

9.3 Initial and Additional Improvements. The County and District shall have agreed in writing upon the initial Improvements to be constructed by County, which list of agreed upon initial Improvements is incorporated into this Ground Lease/Use Agreement as **Lease Exhibit B**. Should County decide to construct additional Improvements after the initial Improvements, such additional Improvements shall be agreed to in writing between the District and County; the additional Improvement Plans shall be subject to District's approval, which shall not be unreasonably withheld or delayed; and said Improvement Plans shall be incorporated into this Ground Lease/Use Agreement as an addenda.

9.4 Commencement of Construction. Construction for the Improvements shall commence in accordance with the construction schedule approved with the Improvement Plans ("**Commencement of Construction**"). The County shall not commence construction until it demonstrates to the District that sufficient funding is or will be available for completion of the Improvement Plans by providing copies of the Board of Supervisor's authorization of the funding.

9.5 Compliance with Laws. The Improvements shall be constructed and all work on the Property and the School Site (to the extent described in Section 9.10) shall be performed in accordance with all valid laws, ordinances and regulations of all federal, state, county, or local

governmental agencies having jurisdiction over the Property, including but not limited to the Americans with Disabilities Act of 1990 ("**ADA**") and the regulations promulgated thereunder, as amended from time to time (but excluding the California Education Code requirements and standards for school facilities for Improvements to the Property). All Improvements on the School Site shall comply with applicable requirements of the California Education Code and standards for school facilities. All work performed on the Property and the School Site under this Ground Lease/Use Agreement shall be done in a good and workmanlike manner.

9.6 Mechanics Liens. At all times during the term of this Ground Lease/Use Agreement, County shall keep the Property and the School Site and all Improvements now or hereafter located on the Property and the School Site free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Property.

9.7 Ownership. Subject to the limitations of Section 9.10, during the term of this Ground Lease/Use Agreement, title to the Improvements shall be vested in County. Upon expiration or earlier termination of this Ground Lease/Use Agreement, the Improvements shall, without compensation to County, become District's property in accordance with Section 9.8 and the Cancellation provisions of Article 19, below.

9.8 Surrender. County shall surrender the Improvements at the expiration of the term or earlier termination of this Ground Lease/Use Agreement, free and clear of all liens and encumbrances, other than those, if any, consented to by District. County agrees to execute, acknowledge and deliver to District, at District's request, a quitclaim of all of the County's right, title and interest in and to the Improvements and the Property.

9.9 Demolition. District may require County to demolish certain specified and identifiable Improvements at the end of the term. If, no later than one hundred eighty (180) days prior to the expiration of the term or earlier termination of this Ground Lease/Use Agreement, District delivers to County a written request that certain specified and identifiable Improvements be demolished, then County will, at its sole cost, within a reasonable time after such delivery and pursuant to lawful government permits, demolish such Improvements (including in such demolition removal of debris and rough grading of the portion(s) of the Property affected by such demolition).

9.10 Access to School Site; Ownership of School Site Improvements. Should the Improvement Plans approved by the parties include improvements to the adjacent School Site necessitated by the construction of the passive park on the Property, including, but not limited to, parking improvements, utility connections, and security fencing and gating ("**School Site Improvements**"), the District hereby grants County and its contractors the right to enter upon the School Site for the purpose of constructing such improvements. All access to and construction on the School Site shall comply with applicable requirements of the California Education Code. County shall coordinate with the school site administrator or designee before any entry onto the School Site by County's employees, agents, or contractors. County shall use good faith efforts to construct the School Site Improvements in a manner which minimizes adverse effects to the operation of the school or classroom activities. Upon the County's delivery of a certificate of substantial completion from the architect following completion of the School Site Improvements,

District shall assume ownership of said improvements and be solely responsible for their operation, maintenance and repair. The indemnification and insurance provisions of Article 11 shall apply with respect to County's construction of the School Site Improvements and District's use and ownership of said improvements.

9.11 Notice of Non-Responsibility. At least thirty days prior to commencement of construction of any Improvement, County shall request from the District a completed Notice of Non-Responsibility pursuant to California Civil Code section 3094 (and any successor statute) in a form substantially similar to the form "Notice of Non-Responsibility" attached hereto as **Lease Exhibit C** and by this reference made a part hereof, and County shall cause said Notice to be recorded and posted on the Premises and/or School Site as applicable.

ARTICLE 10

MAINTENANCE, REPAIR, DAMAGE AND DESTRUCTION

10.1 Maintenance. At all times during the term of this Ground Lease/Use Agreement and for any extended term, County shall, at County's sole cost and expense, keep and maintain the Property and the Improvements in good order and repair, and in a safe and clean condition. Upon the expiration or earlier termination of the term, County shall surrender the Property and the Improvements in good order and condition to the District, ordinary wear and tear excepted. District shall have no obligation to alter, remodel, improve or repair the Property or the Improvements.

10.2 Repair. At all times during the term of this Ground Lease/Use Agreement and for any extended term, County shall, at County's own cost and expense, do all of the following:

10.2.1 Make all alterations, additions or repairs to the Property or the Improvements required by any valid law, ordinance, statute or regulation now or hereafter issued by any federal, state, county, local or other governmental agency, including but not limited to the ADA, and the regulations promulgated thereunder, as amended from time to time (but excluding the California Education Code requirements and standards for school facilities);

10.2.2 Observe and comply with all valid laws, ordinances, statutes, orders and regulations now or hereafter made respecting the Property or the Improvements by any federal, state, county, local or other governmental agency; and

10.2.3 Indemnify and hold District free and harmless from any and all liability, loss, damages, fines, penalties, claims, and actions resulting from County's failure to comply with and perform the requirements of this section.

10.3 Damage or Destruction. In the event of damage to or destruction of all or any portion of the Improvements on the Property, County shall within a reasonable time commence and proceed diligently to repair, reconstruct and restore (collectively, "**restore**") the Improvements to substantially the same condition as they were in immediately prior to the casualty, whether or not insurance proceeds are sufficient to cover the actual cost of restoration. County shall be responsible for all insurance deductibles attributable to the Improvements and for all costs of restoration of the Improvements in excess of insurance proceeds for the

Improvements. This Ground Lease/Use Agreement shall continue in full force and effect notwithstanding such damage or destruction; provided, however, that the County may, at its option, demolish the Improvements consistent with Section 9.9 and terminate the Ground Lease/Use Agreement.

ARTICLE 11

INDEMNIFICATION AND INSURANCE

During the term of this Agreement or as otherwise specified herein, the following indemnification and insurance requirements shall be in effect. Either party, at its sole option, may elect to use a program of self-insurance, commercial insurance, or any combination thereof, to satisfy its insurance requirements herein.

11.1 Indemnification.

11.1.1 County's Indemnification. County shall indemnify, defend and hold harmless District, its Board of Trustees, each member of the Board, its officers, employees, agents and volunteers from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with County's construction, repair, maintenance and other acts and/or omissions arising from and/or relating to County's use of the Property during the term of this Ground Lease/Use Agreement and any extensions thereof.

11.1.2 District's Indemnification. District shall indemnify, defend and hold harmless County, its elected officials, officers, employees, agents and volunteers, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with District's use and ownership of the Property.

11.2 General Insurance – County Requirements. Without limiting County's indemnification of District and at its own expense, County shall provide and maintain the following programs of insurance.

11.2.1 General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$4 million
Each Occurrence:	\$2 million

Such insurance shall name the Hacienda La Puente Unified School District, the Board of Trustees and each member of the Board, its officers, employees, agents and volunteers as additional insureds.

11.2.2 Workers Compensation and Employers' Liability insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident.

11.2.3 Property insurance covering damage to County constructed improvements from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), written for the full replacement cost of the Property, and including a Waiver of Subrogation in favor of District.

11.2.4 County Contractors. Throughout the period of any construction, County shall require its Contractors to provide and maintain, or County shall provide and maintain, types and limits of insurance coverage appropriate to the project, at no cost to the District. All Contractor insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by the County or the District. The County and District also shall be named as additional insureds under all Contractor general liability coverage.

11.3 General Insurance - District Requirements. Without limiting District's indemnification of County and at its own expense, District shall provide and maintain the following programs of insurance.

11.3.1 General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$4 million
Each Occurrence:	\$2 million

Such insurance shall name the County, its officers, employees, agents and volunteers as additional insureds.

11.3.2 Workers Compensation and Employers' Liability insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident.

11.4 Review of Insurance Requirements. The types and limits of coverage required under this Agreement may be reviewed annually by the District and the County. Coverage types and limits shall reflect the prevailing practice in the Los Angeles metropolitan area for insuring similar property and casualty risks, and be subject to the mutual agreement of the parties.

ARTICLE 12 **ASSIGNMENT AND SUBLEASING**

12.1 Subleasing. County shall have the right to sublease all or any portion of any Improvements on the Property at all times during the term of this Ground Lease/Use Agreement under the following conditions:

12.1.1 Any sublease shall not conflict with the District's uses as set forth in Section 5.1.2, above, except as otherwise agreed to by the District;

12.1.2 The specific use of the subleased space shall be consistent with the County's permitted uses of the Property as set forth in Section 5.1, above. All other uses must have the prior written approval of the District, which approval shall not be unreasonably withheld or delayed;

12.1.3 The term of any sublease shall not extend beyond the term of this Ground Lease/Use Agreement and any extended term;

12.1.4 Any and all subleases shall be expressly made subject to all of the terms, covenants, and conditions of this Ground Lease/Use Agreement;

12.1.5 Unless the parties agree otherwise, any rent charged by the County for the subleasing of any portion of the Property in excess of \$5,000 per month shall be divided, net of subtenant's proportional share of reasonable operating costs, between the County and the District in proportion to the fair market rental value of the Improvements and the land subleased, as determined by an independent third party appraisal obtained by County at its expense, with that portion of the rent attributable to the Improvements being allocated to the County and that portion of the rent attributable to the land being allocated to the District; however, nothing herein shall require the County to sublease the Property or any portion thereof for the fair market rental value of said sublease if said sublease is entered into pursuant to Government Code section 26227;

12.1.6 County shall provide a copy of each sublease to District immediately upon full execution.

12.2 **Licenses/Permits.** Notwithstanding Section 12.1, the County shall be entitled to issue licenses and/or permits for the temporary use of the Improvements and the Property by community groups, organizations and members of the public, and to charge or waive fees for the use thereof, without the approval of the District.

ARTICLE 13

DEFAULT AND REMEDIES

13.1 **District's Default.** District shall not be in default of any of its obligations under this Ground Lease/Use Agreement unless District fails to perform such obligations within a reasonable time, but in no event less than thirty (30) days after written notice by County to District specifying wherein District has failed to perform such obligations; provided however, that if the nature of District's default is such that more than thirty (30) days are required for its cure, District shall not be in default if District commences such cure within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

13.2 **County's Remedies.** In the event of any default by District as described in Section 13.1 above, subject to all applicable laws that may restrict remedies against a school district, including, but not limited to, restrictions within the California Education Code, County's remedies under this Ground Lease/Use Agreement are to pursue District for specific performance and/or actual damages, resulting from District's default. County shall have no rights as a result of any default by District until County gives thirty (30) days notice to District, specifying the nature of the default. District shall then have the right to cure such default, and District shall not be deemed in default if District cures such default within thirty (30) days after receipt of notice of the default, or within such longer period of time as may reasonably be necessary to cure the default, provided that District commences cure within such thirty (30) days and thereafter diligently prosecutes the same to completion.

13.3 County's Default. County shall not be in default of any of its obligations under this Ground Lease/Use Agreement unless County fails to perform such obligations within a reasonable time, but in no event less than thirty (30) days after written notice by District to County specifying wherein County has failed to perform such obligations; provided however, that if the nature of County's default is such that more than thirty (30) days are required for its cure, County shall not be in default if County commences such cure within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

13.4 District Remedies. In the event of any default by County as described in Section 13.3 above, subject to all applicable laws that may restrict remedies against a county, including, but not limited to, restrictions within the California Government Code, District's remedies under this Ground Lease/Use Agreement are to pursue County for specific performance and/or actual damages resulting from County's default. District shall have no rights as a result of any default by County until District gives thirty (30) days notice to County, specifying the nature of the default. County shall then have the right to cure such default, and County shall not be deemed in default if County cures such default within thirty (30) days after receipt of notice of the default, or within such longer period of time as may reasonably be necessary to cure the default, provided that County commences cure within such thirty (30) days and thereafter diligently prosecutes the same to completion.

ARTICLE 14

HAZARDOUS MATERIALS

14.1 Compliance. During the term of this Ground Lease/Use Agreement, County, at its sole cost, shall comply with all laws, statutes, ordinances, codes, regulations, and orders relating to the receiving, handling, use, storage, transportation, discharge, release, and disposal of Hazardous Material (as defined below) in or about the Property, the School Site, or the Improvements. All manifests for disposal of any hazardous materials removed from the Property shall be signed by an authorized representative of the County. County shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Property, the School Site, or the Improvements by County or County's Agents in a manner or for a purpose prohibited by any federal, state, or local agency or authority.

14.2 Notice. County shall immediately provide District with telephonic notice, which shall promptly be confirmed by written notice, of any and all spillage, discharge, release and disposal of Hazardous Material onto or within the Property, the School Site or the Improvements, including the soils and subsurface waters thereof, which by law must be reported to any federal, state, or local agency, and any injuries or damages resulting directly or indirectly therefrom.

14.3 Indemnification. County agrees to indemnify District against, and to protect, defend, and save it harmless from, all demands, claims, causes of action, liabilities, losses and judgments, and all reasonable expenses incurred in investigating or resisting the same (including reasonable attorneys' fees), which result from County's (or from County's Agents) receiving, handling, use, storage, accumulation, transportation, generation, spillage, migration, discharge, release or disposal of Hazardous Material in, upon or about the Property, the School Site, or the Improvements. District shall be responsible for and shall indemnify, protect, defend and hold harmless County on the same basis as above for any claims which result from District's

ownership or from District's or District's Agents receiving, handling, use, storage, accumulation, transportation, generation, spillage, migration, discharge, release or disposal of Hazardous Material in, upon or about the Property, the School Site, or the Improvements, not caused by the County.

14.4 Survive Termination. County's and District's obligations under this Article 14 shall survive the termination of the Ground Lease/Use Agreement.

14.5 Definition of Hazardous Material. As used herein, the term "**Hazardous Material**" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) petroleum, (ii) asbestos, (iii) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (iv) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903), or (v) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601).

ARTICLE 15 **OPTION TO EXTEND**

15.1 Option to Extend. On or prior to the date which is twelve (12) months before the Term Expiration Date, provided County shall not then be in Default (as defined herein) under the provisions of this Agreement, the County may request to exercise an option to extend this Ground Lease/Use Agreement for an additional term of up to thirty-nine (39) years by providing written notice to District. If County fails to exercise its option as provided for herein, this Ground Lease/Use Agreement shall expire upon the original Term Expiration Date. Upon receipt of a request to extend the term, the District, at its sole discretion, may extend the Term Expiration Date for the period of the additional term upon the same terms and conditions of this Ground Lease/Use Agreement, except that District may elect to charge County an annual rental fee, based on the fair market value of the Property, exclusive of the Improvements, at the time of the request.

ARTICLE 16 **QUIET ENJOYMENT AND RIGHT OF ENTRY**

16.1 Quiet Enjoyment. District covenants and agrees that it will not take any action to prevent County's quiet enjoyment of the Property during the term of this Ground Lease/Use Agreement. District reserves full control over the Property to the extent not inconsistent with County's quiet enjoyment and use of the Property.

16.2 Right of Entry. District reserves the right for any of its duly authorized representatives to enter the Property at any reasonable time for any reasonable actions, including but not limited to (i) inspecting the Property and (ii) posting in such places as District may select notices of nonresponsibility for works of construction, repair or improvement made by County.

In doing so, District shall not interfere with County's enjoyment and use of the Property and Improvements.

ARTICLE 17

EMINENT DOMAIN

17.1 Agreement Governs. In the event of any acquisition of all or any part of the Property, or any interest therein by eminent domain, whether by condemnation proceeding or transfer in avoidance of an exercise of the power of eminent domain or otherwise during the Term or any extension thereof, the rights and obligations of the parties with respect to such appropriation shall be as provided in this Article 17.

17.2 Termination of Agreement. This Ground Lease/Use Agreement shall terminate if the entire Property is permanently taken under the power of eminent domain or if a material part of the Property is taken such that the operation of the Improvements cannot feasibly continue on the remaining portion of the Property. If only a part of the Property is permanently taken under the power of eminent domain and the County can reasonably continue to operate the Improvements as contemplated by this Ground Lease/Use Agreement, this Ground Lease/Use Agreement shall not terminate and shall remain in full force in effect with respect to the remaining portion of the Property.

17.3 Allocation of Condemnation Award. In the event of a permanent condemnation or taking of all or part of the Property at any point during the Term or any extension thereof, the District shall be entitled to any award which may be made in such taking or condemnation to the extent such award relates to the fee title to the Property, and County shall be entitled to any award which may be made in such taking or condemnation to the extent it relates to the Improvements. Nothing contained in this Article 17 shall be deemed to give the District any interest in or to require County to assign to District any separate award, as designated by the condemning authority, and County shall be able to retain any separate award as designated by the condemning authority, made to County for the taking of County's personal property, or the interruption of or damage to County's operations on the Property, except to the extent that the separate award includes damages for lost sublease rent, in which case District shall be entitled to its share of those damages.

ARTICLE 18

PROPERTY RECORDS; INSPECTION OF PROPERTY

18.1 Property Records. Within thirty (30) days of the Effective Date of this Ground Lease/Use Agreement, District shall provide to the County copies of all non-privileged or non-confidential books and records of District with respect to the ownership, maintenance, and operation of the Property, including any appraisals, surveys, engineering, environmental and other reports and analyses of the Property which are in District's possession.

18.2 Property Inspections. For the purpose of performing due diligence, County may, at County's sole cost and expense, conduct destructive and non-destructive soils, air,

structural, and environmental testing in, on and under the Property and existing improvements, and County agrees, upon completion of such activities, to restore the Property and existing improvements to substantially the same condition as existed prior to conducting such activities, normal wear and tear excepted.

ARTICLE 19

CANCELLATION

19.1 Cancellation by County. At any time prior to the Commencement of Construction, the County may cancel this Ground Lease/Use Agreement unilaterally, by providing prior written notice to the District thirty (30) days prior to cancellation, should the County determine, in its sole and absolute discretion, that the condition of the Property is such that it cannot carry out the construction of the Improvements as planned. At any time after the Commencement of Construction, this Ground Lease/Use Agreement may be cancelled unilaterally by County by providing prior written notice to the District one hundred and eighty (180) days prior to cancellation. Upon cancellation, County shall convey the Improvements and all fixtures, alterations, additions and improvements thereto to District, including, without limitation, a quitclaim deed for the Improvements, assignment of all agreements, guaranties, warranties, and plans and specifications related to the Improvements, and County shall bear all costs and expenses to convey the Improvements to District and District shall not be required to pay anything, except for recordation fees, if any.

19.2 Cancellation by District. This Ground Lease/Use Agreement may be cancelled unilaterally by District upon County's failure to submit to District Improvement Plans pursuant to Article 9 within three (3) years of the Effective Date or the County's failure to commence construction of the initial Improvements within five (5) years of the District's approval of the Improvement Plans, by providing prior written notice to the County one hundred and eighty (180) days prior to cancellation. Upon the cancellation date, County shall deliver to District a quitclaim deed in District's favor, describing the Property, executed and acknowledged by County in recordable form releasing and reconveying to District all right, title and interest of County in the Property.

19.3 Cancellation by Agreement of the Parties. Notwithstanding Sections 19.1 or 19.2, the Ground Lease/Use Agreement may be cancelled by the mutual agreement of the parties at any time, upon terms and conditions agreed to by the parties.

ARTICLE 20

GENERAL PROVISIONS

20.1 Waiver and Modification. No provision of this Ground Lease/Use Agreement may be modified, amended or added to except by an agreement in writing.

20.2 Applicable Law. This Ground Lease/Use Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California.

20.3 Time. Time is of the essence with respect to the performance of every provision of this Ground Lease/Use Agreement in which time of performance is a factor.

20.4 Authority to Execute Lease. District and County each acknowledge that it has all necessary right, title and authority to enter into and perform its obligations under this Ground Lease/Use Agreement, that this Ground Lease/Use Agreement is a binding obligation of such party and has been authorized by all requisite action under the party's governing instruments, that the individuals executing this Ground Lease/Use Agreement on behalf of such party are duly authorized and designated to do so, and that no other signatories are required to bind such party.

20.5 Consents. Whenever consent or approval of either party is required, that party shall not unreasonably withhold or delay such consent or approval, except as may be expressly set forth to the contrary.

20.6 Entire Agreement. The terms of this Ground Lease/Use Agreement are intended by the parties as a final expression of their agreement with respect to the terms as are included herein, and may not be contradicted by evidence of any prior or contemporaneous agreement.

20.7 Severability. Any provision of this Ground Lease/Use Agreement which proves to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

20.8 Impartial Construction. The language in all parts of this Ground Lease/Use Agreement shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either the District or County.

20.9 Successors. Each of the covenants, conditions, and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective administrators, successors, assigns, or any person who may come into possession of the Property, the Improvements or any part thereof. Nothing contained in this Section 20.9 shall in any way alter the provisions regarding subleasing provided in this Ground Lease/Use Agreement.

20.10 Notices. All notices, demands and communications between District and County shall be in writing and given by personal delivery; facsimile transmission; electronic mail; registered mail, return receipt requested, with postage prepaid; Federal Express or other reliable private express delivery, addressed to County or District at the addresses shown in paragraph 2.1.5 above. Unless otherwise directed, any notice required to be given by this Ground Lease/Use Agreement or regarding compliance with this Ground Lease/Use Agreement shall be given to all County representatives listed in paragraph 2.1.5, notice relating to day-to-day operations of the Property and Improvements, including scheduling and programmatic issues may be given to the County Director of Parks and Recreation as listed in paragraph 2.1.5, without notice to the other County representatives. Either party may, by notice to the other given pursuant to this Section 20.10, specify additional or different addresses for notice purposes.

20.11 Counterparts. This Ground Lease/Use Agreement may be executed in one or more counterparts, each of which shall constitute an original.

20.12 Nondiscrimination. District, County and all others who from time to time may use the Property and Improvements described herein with the permission and on the terms and conditions specified by both parties shall not discriminate in any manner against any person or persons on account of race, color, sex, creed, or national origin, including but not limited to the provision of goods, services, facilities, privileges, advantages, and the holding and obtaining of employment.

20.13 District Approval. Whenever this Ground Lease/Use Agreement calls for approval by the District of an action implementing the provisions of this Ground Lease/Use Agreement, the Superintendent of the District or his or her designee shall have authority to grant such approval, without necessity of further authorization or approval of the District Board of Trustees.

20.14 County Approval. Whenever this Ground Lease/Use Agreement calls for approval by the County of an action implementing the provisions of this Ground Lease/Use Agreement, the Chief Executive Officer of the County or his designee shall have authority to grant such approval, without necessity of further authorization or approval of the County Board of Supervisors.

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IN WITNESS WHEREOF, the parties hereto have executed this Ground Lease/Use Agreement as of the date first above written.

DISTRICT:

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT

A school district organized and existing
under the laws of the State of California

By: Barbara Nakaoka *4/24/12*
Barbara Nakaoka, Ed.D., Superintendent

Date: SEP. 24, 2012

Approved as to form:

Fagen Friedman & Fulfroost, LLP

By: Kathleen J. McKee
Kathleen J. McKee, Real Estate Counsel

COUNTY:

COUNTY OF LOS ANGELES

A body corporate and politic

By: _____
Zev Yaroslavsky
Chairman, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer, Board of Supervisors

By: _____
Deputy

Approved as to form:

John F. Krattli
County Counsel

By: John F. Krattli
Deputy

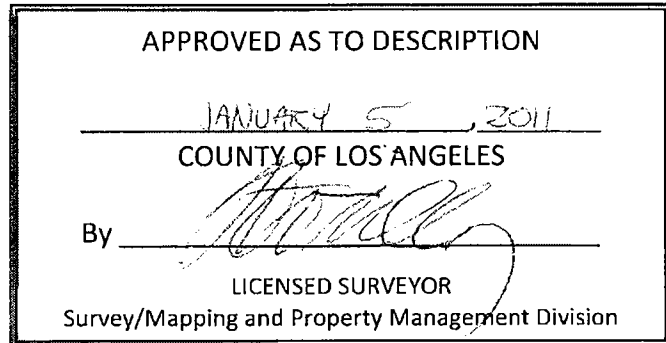
EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Lot 117 of Tract No. 1953, as shown on map recorded in Book 22, Pages 158 and 159, of Maps, in the office of the Registrar-Recorder/County Clerk of the County of Los Angeles.

Except therefrom all precious metals and ores thereof and the provisions for right of entry and way, as contained in the deed of partition of the Rancho La Puente, between William Workman and John Rowland, recorded in Book 10, Page 39, et seq., of Deeds.

Containing: 5.91± acres.



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EXHIBIT B

INITIAL IMPROVEMENT PLANS

The Orange Grove project will create a new 5.9 acre passive park on a previously undeveloped parcel located in unincorporated Hacienda Heights. The park will include new parking and an accessible route of travel for disabled persons from Orange Grove Avenue. Programming for the new facility will feature an entry plaza with a sundial, a variety of walking and jogging paths, an exercise course, shaded picnic tables, play structures and restrooms. The site will be fully landscaped with drought tolerant plantings including many California native plants. A variety of tree species will shade the new pathways. New irrigation with a satellite linked smart controller will monitor the flow and application of water to the landscape. Surface water will percolate directly into the soil or flow to new strategically placed retention basins that will accept the water and allow it to percolate slowly through bioswale plantings, sand, gravel and eventually into the native soil below.

EXHIBIT C

NOTICE OF NON-RESPONSIBILITY

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Hacienda La Puente Unified School District
15959 East Gale Avenue
Industry, California 91745
Attention: Superintendent

Fee Exempt. Recorded for the benefit of Hacienda La Puente Unified School District under Govt Code § 6103

TO WHOM IT MAY CONCERN:

Notice is hereby given pursuant to California Civil Code § 3094 that:

1. The undersigned, Hacienda La Puente Unified School District, a school district organized and existing under the laws of the State of California ("District") is the owner of real property located at 14517 Orange Grove Avenue, Hacienda Heights, California ("Property") and the owner of open space located west of Orange Grove Middle School at 14505 Orange Grove Ave., Hacienda Heights, California ("School Site").

2. The name of the ground lessee of the Property is the County of Los Angeles, a body corporate and politic ("County"). The County has also been granted access to the School Site.

3. Less than ten days have elapsed since the undersigned District first obtained knowledge of commencement of the work of improvement on or to the above-described property.

4. The undersigned District will not be responsible for any such work of improvement on or to said above-described property; nor will the undersigned be responsible for any work, labor, services, equipment or materials that have been, or that are being, or that may be furnished in said work of improvement on or to said above-described property.

5. The undersigned District's address is: 15959 East Gale Avenue, Industry, California 91745.

Dated: _____

Hacienda La Puente Unified School District

By: _____
Superintendent

STATE OF CALIFORNIA)	
)	SS.
COUNTY OF LOS ANGELES)	

Subscribed and sworn to (or affirmed) before me on this _____ day of _____,
20____, by _____, who proved to me on the basis of satisfactory
evidence to be the person(s) who appeared before me.

	(Seal)
	Signature

EXHIBIT D
FORM OF COVENANT (SEWER LINE)

RECORDING REQUESTED BY AND MAIL ORIGINAL TO:

Building and Safety Division
Plumbing Section
900 S. Fremont
Alhambra, CA 91803

A.P.N.

A.P.N.

COVENANT FOR CONSTRUCTION OF A SEWER LINE ON PORTIONS OF
14517 ORANGE GROVE AVENUE AND ADJACENT PROPERTY (HACIENDA HEIGHTS)

RECITALS

A. HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT (hereinafter referred to as "Covenantor") is the owner of real property (hereinafter referred to as the "Subject Property") located at 14517 Orange Grove Avenue, Hacienda Heights, in the County of Los Angeles, State of California, and legally described as Lot 117 of Tract No. 1953, as shown on map recorded in Book 22, pages 158 and 159, of Maps, in the office of the Registrar/County Clerk of the County of Los Angeles, as described in Attachment 1, attached hereto and made a part hereof by this reference.

B. Covenantor is also the owner of real property (hereinafter referred to as the "Adjacent Property"), legally described as Lot 116 of Tract No. 1953, as shown on map recorded in Book 22, pages 158 and 159, of Maps, in the office of the Registrar/County Clerk of the County of Los Angeles, and depicted on Attachment 2, attached hereto and made a part hereof by this reference.

C. This Covenant for Construction of a Sewer Line on Portions of 14517 Orange Grove Avenue and Adjacent Property (Hacienda Heights) (hereinafter referred to as the "Covenant") is for the purpose of constructing a private sewer line beginning on the Subject Property and crossing east onto the Adjacent Property before turning north to make a connection at the manhole located in Ameluxen Avenue ("Sewer Line"), as more particularly depicted in Attachment 2. The private Sewer Line will serve the building on the Subject Property but a portion of the Sewer Line will be located on the Adjacent Property.

D. As a condition for issuing approvals and permits for construction of the Subject Property improvements, the County Department of Public Works ("DPW") requires that Covenantor: (i) agree that neither the Subject Property nor the Adjacent Property shall be sold separately, unless, if the Adjacent Property is sold, as a condition of the sale, the Covenantor requires the new owner to grant an easement for the Sewer Line to remain on the Adjacent Property, and if the Subject Property is sold, as a condition of the sale, the Covenantor requires the new owner to obtain an easement for the Sewer Line to remain on the Adjacent Property; (ii) restrict any

future connections to the private Sewer Line to only buildings on the Subject Property; and (iii) agree that the covenants contained herein shall run with the land should Covenantor transfer ownership of the Subject Property or Adjacent Property in the future. This Covenant is intended to fulfill all of the preceding conditions.

Covenants

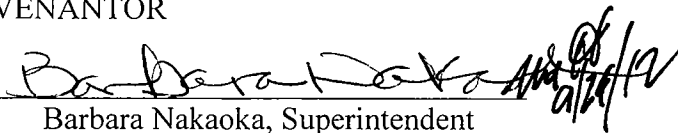
Covenantor hereby makes the following covenants to the County of Los Angeles:

1. Covenantor shall not sell the Subject Property or Adjacent Property separately unless, as a condition of the sale, Covenantor requires the new owner to grant an easement allowing the Sewer Line to remain on the purchased Property.
2. The Sewer Line shall be used exclusively for Buildings on the Subject Property and connections from Buildings on the Adjacent Property shall be prohibited.
3. Covenantor agrees that the covenants entered into in this Covenant shall be binding upon Covenantor, its successors, heirs, or assignees and shall continue in effect until released by the Director of Public Works of the County of Los Angeles ("Director") upon submittal of request and applicable fees and the Director's determination that the Covenant is no longer required.

IN WITNESS WHEREOF, Covenantor has executed this Covenant effective as of the Effective Date of the Ground Lease.

COVENANTOR

BY:


Barbara Nakaoka, Superintendent
Hacienda La Puente Unified School District
School District

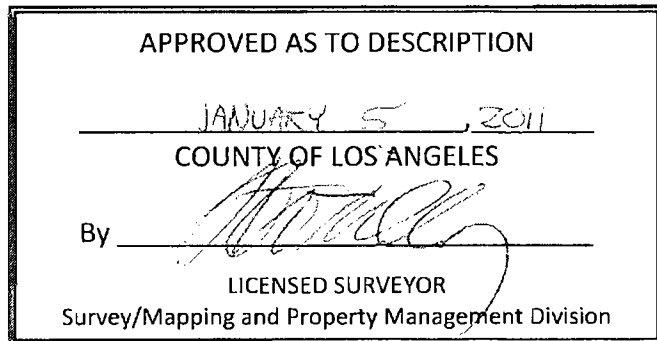
**ATTACHMENT 1
TO COVENANT (SEWER LINE)
LEGAL DESCRIPTION**

14517 Orange Grove Avenue, Hacienda Heights, CA

Lot 117 of Tract No. 1953, as shown on map recorded in Book 22, Pages 158 and 159, of Maps, in the office of the Registrar-Recorder/County Clerk of the County of Los Angeles.

Except therefrom all precious metals and ores thereof and the provisions for right of entry and way, as contained in the deed of partition of the Rancho La Puente, between William Workman and John Rowland, recorded in Book 10, Page 39, et seq., of Deeds.

Containing: 5.91± acres.



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The site plan shows Lot 117, a rectangular lot with a sewer line running along its eastern boundary. A manhole is located at the northeast corner of the lot. The plan includes various utility lines, including water, gas, and electric. The sewer line is shown with a 12-inch diameter and a 2% slope. The manhole is shown with a 48-inch diameter. The plan also includes a legend for utility construction notes, a water pressure calculation table, and a utility notes section.

Crossing lot

Manhole

SEWER

Lot

SUBJECT

Lot 117

UTILITY CONSTRUCTION NOTES

1. SEE EXISTING PLAN FOR ALL UTILITIES AND NOTES THEREON.
2. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
3. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
4. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
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18. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
19. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
20. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

LEGEND

1. SEE EXISTING PLAN FOR ALL UTILITIES AND NOTES THEREON.

2. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

3. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

4. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

5. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

6. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

7. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

8. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

9. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

10. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

11. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

12. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

13. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

14. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

15. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

16. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

17. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

18. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

19. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

20. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

WATER PRESSURE CALCULATIONS

WATER PRESSURE	WATER PRESSURE	WATER PRESSURE
1. SEE EXISTING PLAN FOR ALL UTILITIES AND NOTES THEREON.	2. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	3. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
4. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	5. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	6. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
7. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	8. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	9. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
10. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	11. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	12. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
13. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	14. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	15. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
16. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	17. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	18. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.
19. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	20. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.	

UTILITY NOTES

1. SEE EXISTING PLAN FOR ALL UTILITIES AND NOTES THEREON.

2. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

3. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

4. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

5. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

6. ALL UTILITIES SHALL BE DEEPER THAN THE SEWER LINE.

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